

1 Amend sections 19816, 19816.1, 19828.2, 19837.1, and 19846, and add sections 19828.3, and
2 19837.2, to read:

3 **TITLE 5. Education**

4 **Division 1.5. Education Audit Appeals Panel**

5 **Chapter 3. Audits of California K-12 Local Education Agencies**

6 **Article 2. Audit Reports**

7 **§ 19816. Definitions.**

8 The content of the audit report sections and subsections specified in Section 19815 is as
9 described in the *Codification of Statements on Auditing Standards*, published by the American
10 Institute of Certified Public Accountants, the *Codification of Governmental Accounting and*
11 *Financial Reporting Standards*, published by the Governmental Accounting Standards Board
12 (GASB), or *Government Auditing Standards* published by the Comptroller General of the
13 United States, in the respective editions applicable to the fiscal year being audited, or as
14 defined in one of the following:

15 (a) “*Government Auditing Standards*” means the publication by the Comptroller General of
16 the United States, United States General Accounting Office, originally issued in 1972 and
17 revised from time to time, commonly known as the “Yellow Book,” that contains standards for
18 audits of government organizations, programs, activities, and functions and that is referenced
19 in Education Code sections 14501, 14503, and 41020(b)(4).

20 (b) “Local Education Agency Organization Structure” means a description in the
21 Supplementary Information section that sets forth the following information, at a minimum:

22 (1) The date on which the local education agency was established, and for charter schools
23 the date and granting authority of each charter;

24 (2) The date and a general description of any change during the year audited in a school

1 district's boundaries;

2 (3) The numbers by type of schools in the local education agency;

3 (4) The names, titles, terms, and term expiration dates of all members of the governing
4 board;

5 (5) The names, with their titles, of the superintendent, chief business official, and
6 deputy/associate/assistant superintendents.

7 (c) "OMB Circular A-133" means the publication, produced by the federal Office of
8 Management and Budget and titled *Audits of States, Local Governments, and Non-Profit*
9 *Organizations*, that sets forth standards for attaining consistency and uniformity in the audits of
10 governments and organizations expending federal awards.

11 (d) "Reconciliation of Annual Financial and Budget Report with Audited Financial
12 Statements" means a schedule that displays the differences between the ending fund balance(s)
13 from the audited financial statements and the unaudited ending fund balance(s) from the annual
14 financial and budget report for each fund in which a variance occurred.

15 (e) "Report on Internal Control Over Financial Reporting and on Compliance and Other
16 Matters Based on an Audit of Financial Statements Performed in Accordance with *Government*
17 *Auditing Standards*" means the component of the Other Independent Auditor's Reports that
18 specifies material instances of noncompliance, if any; defines reportable conditions and
19 specifies the reportable conditions disclosed as a result of the audit; defines material
20 weaknesses and specifies the material weaknesses, if any, that were disclosed by the audit;
21 includes a statement that no material weaknesses were found, if that is the case; includes a
22 statement that nonmaterial noncompliance and nonreportable conditions involving the internal
23 control structure and its operation were communicated to management in a separate
24 management letter, if that is the case; specifies all instances of fraud and illegal acts, if any,

1 that were disclosed by the audit, unless clearly inconsequential; and specifies material abuse, if
2 any, that was disclosed by the audit.

3 (f) "Report on State Compliance" means the component of the Other Independent
4 Auditor's Reports that specifically and separately addresses each of the state compliance
5 requirements included in this audit guide that are applicable to the year audited, stating
6 whether or not the district is in compliance with those requirements; includes a chart that
7 displays the number of audit procedures for each compliance requirement applicable to the
8 year audited and states that the audit procedures included in the audit guide for each
9 requirement were followed in the making of the audit, if that is the case, or, if not, what other
10 procedures were followed; and includes an expression of positive assurance with respect to
11 compliance with applicable laws and regulations for those items tested in accordance with
12 those regulations, and negative assurance for untested items.

13 (1) The numbers of audit procedures for the compliance requirements included in this audit
14 guide for audits of fiscal year 2003-04 are

15 Attendance Reporting, 6;

16 Kindergarten Continuance, 3;

17 Independent Study, 22;

18 Continuation Education, 10;

19 Adult Education, 9;

20 Regional Occupational Centers and Programs, 6;

21 Instructional Time and Staff Development Reform Program, 7;

22 Instructional Time for school districts, 4; for county offices of education, 3;

23 Community Day Schools, 9;

24 Instructional Materials general requirements, 9; K-8 only, 1; grades 9-12 only, 1;

1 Ratios of Administrative Employees to Teachers, 1;
2 Early Retirement Incentive, 4;
3 Gann Limit Calculation, 1;
4 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
5 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.
6 (2) The numbers of audit procedures for the compliance requirements included in this audit
7 guide for audits of fiscal year 2004-05 are
8 Attendance Reporting, 8;
9 Kindergarten Continuance, 3;
10 Independent Study, 22;
11 Continuation Education, 10;
12 Adult Education, 9;
13 Regional Occupational Centers and Programs, 6;
14 Instructional Time and Staff Development Reform Program, 7;
15 Instructional Time for school districts, 4; for county offices of education, 3;
16 Community Day Schools, 9;
17 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
18 Ratios of Administrative Employees to Teachers, 1;
19 Early Retirement Incentive, 4;
20 Gann Limit Calculation, 1;
21 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
22 Alternative Pension Plans, 2;
23 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
24 State Lottery Funds (California State Lottery Act of 1984), 2;

1 California School Age Families Education (Cal-SAFE) Program, 3;
2 School Accountability Report Card, 3;
3 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
4 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.
5 (3) The numbers of audit procedures for the compliance requirements included in this audit
6 guide for audits of fiscal year 2005-06 are
7 Attendance Reporting, 8;
8 Kindergarten Continuance, 3;
9 Independent Study, 22;
10 Continuation Education, 10;
11 Adult Education, 9;
12 Regional Occupational Centers and Programs, 6;
13 Instructional Time for school districts, 4; for county offices of education, 3;
14 Community Day Schools, 9;
15 Morgan-Hart Class Size Reduction Program, 7;
16 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
17 Ratios of Administrative Employees to Teachers, 1;
18 Early Retirement Incentive, 4;
19 Gann Limit Calculation, 1;
20 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
21 Alternative Pension Plans, 2;
22 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
23 State Lottery Funds (California State Lottery Act of 1984), 2;
24 California School Age Families Education (Cal-SAFE) Program, 3;

1 School Accountability Report Card, 3;
2 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
3 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;
4 Contemporaneous Records of Attendance, for charter schools, 1;
5 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;
6 Additional Nonclassroom-Based Instruction, for charter schools, 1;
7 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;
8 Annual Instructional Minutes – Classroom Based, for charter schools, 3.
9 (4) The numbers of audit procedures for the compliance requirements included in this audit
10 guide for audits of fiscal year 2006-07 are
11 Attendance Reporting, 8;
12 Kindergarten Continuance, 3;
13 Independent Study, 23;
14 Continuation Education, 10;
15 Adult Education, 9;
16 Regional Occupational Centers and Programs, 6;
17 Instructional Time for school districts, 6; for county offices of education, 3;
18 Community Day Schools, 9;
19 Morgan-Hart Class Size Reduction Program, 7;
20 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
21 Ratios of Administrative Employees to Teachers, 1;
22 Early Retirement Incentive, 4;
23 Gann Limit Calculation, 1;
24 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

1 Alternative Pension Plans, 2;
2 Excess Sick Leave, 2 or 3;
3 Notice of Right To Elect California State Teachers Retirement System (CalSTRS)
4 Membership, 1;
5 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
6 State Lottery Funds (California State Lottery Act of 1984), 2;
7 California School Age Families Education (Cal-SAFE) Program, 3;
8 School Accountability Report Card, 3;
9 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
10 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;
11 Contemporaneous Records of Attendance, for charter schools, 1;
12 Mode of Instruction, for charter schools, 1;
13 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;
14 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;
15 Annual Instructional Minutes – Classroom Based, for charter schools, 3;
16 (5) The numbers of audit procedures for the compliance requirements included in this audit
17 guide for audits of fiscal year 2007-08 are
18 Attendance Reporting, 8;
19 Kindergarten Continuance, 3;
20 Independent Study, 23;
21 Continuation Education, 10;
22 Adult Education, 9;
23 Regional Occupational Centers and Programs, 6;
24 Instructional Time for school districts, 6; for county offices of education, 3;

1 Community Day Schools, 9;
2 Morgan-Hart Class Size Reduction Program, 7;
3 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
4 Ratios of Administrative Employees to Teachers, 1;
5 Classroom Teacher Salaries, 1;
6 Early Retirement Incentive, 4;
7 Gann Limit Calculation, 1;
8 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
9 Excess Sick Leave, 2 or 3;
10 Notice of Right To Elect California State Teachers Retirement System (CalSTRS)
11 Membership, 1;
12 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
13 State Lottery Funds (California State Lottery Act of 1984), 2;
14 California School Age Families Education (Cal-SAFE) Program, 3;
15 School Accountability Report Card, 3;
16 Mathematics and Reading Professional Development, 4;
17 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
18 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;
19 After School Education and Safety Program: general requirements, 4; after school, 4;
20 before school, 5;
21 Contemporaneous Records of Attendance, for charter schools, 1;
22 Mode of Instruction, for charter schools, 1;
23 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;
24 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

1 Annual Instructional Minutes – Classroom Based, for charter schools, 3.

2 (6) The numbers of audit procedures for the compliance requirements included in this audit

3 guide for audits of fiscal year 2008-09 are

4 Attendance Reporting, 8;

5 Independent Study, 23;

6 Continuation Education, 10;

7 Adult Education, 9;

8 Regional Occupational Centers and Programs, 6;

9 Instructional Time for school districts, 6; for county offices of education, 3;

10 Community Day Schools, 9;

11 Morgan-Hart Class Size Reduction Program, 7;

12 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;

13 Ratios of Administrative Employees to Teachers, 1;

14 Classroom Teacher Salaries, 1;

15 Early Retirement Incentive, 4;

16 Gann Limit Calculation, 1;

17 School Accountability Report Card, 3;

18 Mathematics and Reading Professional Development, 4;

19 Class Size Reduction (including in charter schools): general requirements, 7; Option One,

20 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

21 After School Education and Safety Program: general requirements, 4; after school, 4;

22 before school, 5;

23 Contemporaneous Records of Attendance, for charter schools, 1;

24 Mode of Instruction, for charter schools, 1;

1 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

2 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

3 Annual Instructional Minutes – Classroom Based, for charter schools, 3.

4 (g) “Report on Compliance With Requirements Applicable to Each Major Program and
5 Internal Control Over Compliance in Accordance With OMB Circular A-133” means the
6 component of the Other Independent Auditor’s Reports that states whether the auditee has
7 complied with federal laws, regulations, and the provisions of federal contracts or grant
8 agreements and has established and maintained effective internal control over compliance with
9 the requirements for major federal programs.

10 (h) “Schedule of Average Daily Attendance” means the schedule in the Supplementary
11 Information section that displays Average Daily Attendance data for both the Second Period
12 and Annual reports, by grade level and program as appropriate, and, for charter schools,
13 includes total Average Daily Attendance and Average Daily Attendance generated through
14 classroom-based instruction.

15 (i) “Schedule of Charter Schools” means the schedule in the Supplementary Information
16 section that lists all charter schools chartered by the school district or county office of
17 education, and displays information for each charter school on whether or not the charter
18 school is included in the school district or county office of education audit.

19 (j) “Schedule of Financial Trends and Analysis” means, for fiscal year 2003-04, the
20 schedule in the Supplementary Information section that displays information regarding the
21 auditee’s financial position and going concern status, in the form of actual financial and
22 attendance figures for at least the most recent three-year period (ending with the audit year),
23 plus the current year’s budget, for the following items: General Fund financial activity,
24 including total revenue, expenditures, and other sources and uses; General Fund balance;

1 available reserve balances (funds designated for economic uncertainty, and any other
2 remaining undesignated fund balance) within the General Fund, Special Reserve Fund, and any
3 Article XIII-B Trust Funds; available reserve balances expressed as a percentage of total
4 General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the
5 applicable state-recommended available reserve percentage; total long-term debt; and
6 elementary and secondary Second Principal Average Daily Attendance, excluding Regional
7 Occupational Centers and Programs and Adult Average Daily Attendance; and, when the
8 auditee's percentage of available reserves to total General Fund outgo is below the state-
9 recommended percentage, management's plans for increasing the auditee's available reserve
10 percentage.

11 (k) "Schedule of Financial Trends and Analysis" means, for fiscal year 2004-05 and each
12 fiscal year thereafter, the schedule in the Supplementary Information section that displays
13 information regarding the auditee's financial position and going concern status, in the form of
14 actual financial and attendance figures for at least the most recent three-year period (ending
15 with the audit year), plus the current year's budget, for the following items: General Fund
16 financial activity, including total revenue, expenditures, and other sources and uses; General
17 Fund balance; available reserve balances (funds designated for economic uncertainty, and any
18 other remaining undesignated fund balance) within the General Fund or Special Reserve Fund;
19 available reserve balances expressed as a percentage of total General Fund outgo
20 (expenditures, transfers out, and other uses), including a comparison to the applicable state-
21 recommended available reserve percentage; total long-term debt; and elementary and
22 secondary Second Principal Average Daily Attendance, excluding Regional Occupational
23 Centers and Programs and Adult Average Daily Attendance; and, when the auditee's
24 percentage of available reserves to total General Fund outgo is below the state-recommended

percentage, management's plans for increasing the auditee's available reserve percentage.

(l) "Schedule of Findings and Questioned Costs" means that part of the Findings and Recommendations section that presents all audit year findings, and a copy of each management letter issued, if any, with each finding assigned the appropriate code from among the following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000 State Compliance, 41000 CalSTRS, 50000 Federal Compliance, 60000 Miscellaneous, 61000 Classroom Teacher Salaries, 70000 Instructional Materials, 71000 Teacher Misassignments, 72000 School Accountability Report Card, and includes the following elements:

(1) criteria

(2) condition

(3) effect

(4) cause

(5) a statement of the number of units of Average Daily Attendance, if any, that were inappropriately reported for apportionment; and a statement consistent with its basis of funding, for any other inappropriately reported claim—such as number of staff development days, or number of pupils for Class Size Reduction, or amount in dollars for Instructional Materials, and so forth

(6) a recommendation for the resolution of the finding

(7) a corrective action plan prepared by the auditee that describes in specific terms the actions planned or taken to correct the problem, or a statement from the auditee that the corrective action recommended by the auditor is not necessary or appropriate and giving the specific reasons why, if that is the case, and a statement that the corrective action plan was not available if no corrective action plan was submitted before the audit report was prepared.

(m) “Schedule of Instructional Time” means a schedule in the Supplementary Information section that displays, for school districts, including basic aid districts, and county offices of education, data that show whether the auditee complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; and for charter schools, data that show whether the auditee complied with the provisions of subdivision (a)(1) of Education Code Section 47612.5.

(n) “Schedule of Prior Audit Findings” means that part of the Findings and Recommendations section that presents the status of actions taken by the auditee on each of the findings and recommendations reported in the prior year audit, and includes as current year findings and recommendations those prior year findings that have not been resolved.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

§ 19816.1. Applicability of Audit Procedures by Audit Year.

(a) Of the compliance requirements set forth in Article 3:

(1) Sections 19817 through 19825, and 19828 through 19831 are applicable to fiscal year 2003-04 audits;

(2) Sections 19817.1 through 19825, and 19828.1 through 19837 are applicable to fiscal year 2004-05 audits.

(3) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2005-06 audits.

(4) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2006-07 audits.

(5) Sections 19817.1 through 19822, 19824, 19825, 19827, 19828.2 through 19832, and ~~19834~~ 19833.5 through 19838 are applicable to fiscal year 2007-08 audits.

1 (6) Sections 19817.1, 19819 through 19822, 19824, 19825, 19827, 19828.3 through 19831,
2 19837.2, and 19838 are applicable to fiscal year 2008-09 audits.

3 (b) Of the compliance requirements set forth in Article 3.1,

4 (1) Section 19845 is applicable to fiscal year 2003-04 audits;

5 (2) Section 19845.1 is applicable to fiscal year 2004-05 audits;

6 (3) Section 19845.1 is applicable to fiscal year 2005-06 audits;

7 (4) Section 19845.1 is applicable to fiscal year 2006-07 audits;

8 (5) Sections 19845.1 and 19846 are applicable to fiscal year 2007-08 audits.

9 (6) Sections 19845.1 and 19846 are applicable to fiscal year 2008-09 audits.

10 (c) Of the compliance requirements set forth in Article 4,

11 (1) Sections 19850 through 19854 are applicable to fiscal year 2005-06 audits.

12 (2) Sections 19850 through 19854 are applicable to fiscal year 2006-07 audits.

13 (3) Sections 19850 through 19854 are applicable to fiscal year 2007-08 audits.

14 (4) Sections 19850 through 19854 are applicable to fiscal year 2008-09 audits.

15 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
16 14502.1, 14503, 41020 and 47634.2, Education Code.

17 **Article 3. State Compliance Procedures: Local Education Agencies**

18 **Other Than Charter Schools**

19 **§ 19828.2. Instructional Materials.**

20 For fiscal year 2007-08 ~~and each fiscal year thereafter~~, perform the following procedures:

21 (a) Determine whether the year audited is one for which the governing boards of school
22 districts or county boards of education that receive funds for instructional materials from any
23 state source are subject to the provisions of Education Code Section 60119, as set forth in
24 subdivision (d) of that section.

(b) If the year audited is one in which the school district or county office of education was required to conduct a hearing as provided in Education Code Section 60119, perform the following audit procedures.

(1) ~~For fiscal year 2005-06 and each fiscal year thereafter, determine~~ Determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by the provisions of Education Code Section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or county office of education having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

(2) Determine whether the school district governing board or county board of education provided 10-day notice of the required public hearing or hearings.

(3) Determine whether each notice included the time, place, and purpose of the hearing and whether the school district or county office of education posted the notice at a minimum of three public locations in the school district or county, respectively.

(4) Determine whether the hearing was held at a time that encouraged the attendance of teachers and parents and guardians of pupils who attend the schools in the district and did not take place during or immediately following school hours.

(5) Determine whether the resolution stated that each pupil in each school had sufficient textbooks or instructional materials aligned to the content standards adopted by the State Board of Education pursuant to Education Code Section 60605 and consistent with the content and cycles of the curriculum framework adopted by the State Board of Education, or instead that there was an insufficiency of such textbooks or instructional materials, or both, in any one or

1 more of mathematics, science, history-social science, and English/language arts including the
2 English language development component of an adopted program, as appropriate. If the
3 resolution stated any insufficiency, verify that the school district governing board or county
4 board of education provided information to classroom teachers and to the public, setting forth,
5 in the resolution, for each school in which an insufficiency existed, the percentage of pupils
6 who lacked sufficient standards-aligned textbooks or instructional materials in each subject
7 area and the reasons that each pupil did not have sufficient standards-aligned textbooks or
8 instructional materials, or both, and took action to ensure that each pupil would have sufficient
9 textbooks or instructional materials, or both, within two months of the beginning of the school
10 year in which the determination was made.

11 (6) Verify whether the governing board made a written determination as to whether each
12 pupil enrolled in a foreign language or health course had sufficient textbooks or instructional
13 materials that were consistent with the content and cycles of the curriculum frameworks
14 adopted by the State Board of Education for those subjects.

15 (7) Verify whether the governing board determined the availability of laboratory science
16 equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

17 (c) If the school district or county office of education was not in compliance with any of
18 the requirements set forth in audit procedures 1 through 5 of ~~subdivision~~ subparagraph (b) of
19 this section, the school district or county office of education was not eligible to receive an
20 Instructional Materials Funding Realignment Program allowance for the fiscal year audited.
21 Include a finding in the Findings and Recommendations section of the audit report showing the
22 full amount of Instructional Materials Funding Realignment Program allowance received as
23 disallowed.

24 (d) If the school district or county office of education was not in compliance with any of

1 the requirements set forth in audit procedures 6 or 7 of subparagraph (b) of this section, report
2 the noncompliance in a finding in the Findings and Recommendations section of the audit
3 report.

4 (e) Instructional Materials Funding Realignment Program:

5 (1) Determine the amount of the Instructional Materials Funding Realignment Program
6 allowance received by the local education agency.

7 (2) Verify that the allowance received was accounted for separately.

8 (3) For kindergarten and grades 1 through 8, review the local education agency's list of
9 instructional materials purchased and select a sample to verify that the materials were adopted
10 by the State Board of Education in March 1999 or later, are in one of the four eligible subject
11 areas, and bear the copyright date and are of editions of the materials adopted by the State
12 Board of Education.

13 (4) For grades 9 through 12, review the local education agency's list of instructional
14 materials purchased and select a sample to verify that the materials were reviewed and
15 approved through a resolution adopted by the local education agency's governing board as
16 being aligned with State Board of Education-adopted content standards.

17 (5) Determine whether the governing board certified, as set forth in Education Code
18 Section 60422, that each pupil had been provided with a standards-aligned textbook or basic
19 instructional materials.

20 (6) If the governing board did certify as set forth in Education Code Section 60422, review
21 the Instructional Materials Funding Realignment Program expenditures initiated after the
22 certification was made and select a sample to verify that the ~~textbooks or materials were from~~
23 expenditures each fell into one of the following categories:

24 (A) Purchase of instructional materials adopted by the State Board of Education pursuant to

1 the provisions of Education Code Section 60200 for kindergarten and grades 1 through 8, or by
2 the governing board pursuant to the provisions of Education Code Section 60400 for grades 9
3 through 12.

4 (B) Purchase, at the local education agency's discretion, of instructional materials,
5 including, but not limited to, supplementary instructional materials and technology-based
6 materials from any source.

7 (C) Purchase of tests.

8 (D) Binding of textbooks that were otherwise usable and were on the most recent list of
9 basic instructional materials adopted by the State Board of Education and made available
10 pursuant to the provisions of Education Code Section 60200.

11 (E) Funding of in-service training related to instructional materials.

12 (F) Purchase of classroom library materials for kindergarten and grades 1 through 4, if the
13 local education agency had a plan as specified in subdivision (d) of Education Code Section
14 60242(d).

15 (f) If any of the instructional materials funds are found to have been expended
16 inappropriately, include the amount inappropriately spent in a finding in the Findings and
17 Recommendations section of the audit report.

18 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
19 14502.1, 14503 and 41020, Education Code.

20 **§ 19828.3. Instructional Materials.**

21 For fiscal year 2008-09 and each fiscal year thereafter, perform the following procedures:

22 (a) Determine whether the year audited is one for which the governing boards of school
23 districts or county boards of education that receive funds for instructional materials from any
24 state source are subject to the provisions of Education Code Section 60119, as set forth in

1 subdivision (d) of that section.

2 (b) If the year audited is one in which the school district or county office of education was
3 required to conduct a hearing as provided in Education Code Section 60119, perform the
4 following audit procedures.

5 (1) Determine whether the school district governing board or county board of education,
6 prior to making a determination through a resolution as to the sufficiency of textbooks or other
7 instructional materials, held the public hearing or hearings required by the provisions of
8 Education Code Section 60119 on or before the end of the eighth week from the first day
9 pupils attended school for that year, or, in a school district or county office of education having
10 schools that operate on a multitrack, year-round calendar, on or before the end of the eighth
11 week from the first day pupils attended school for that year on any track that began in August
12 or September.

13 (2) Determine whether the school district governing board or county board of education
14 provided 10-day notice of the required public hearing or hearings.

15 (3) Determine whether each notice included the time, place, and purpose of the hearing and
16 whether the school district or county office of education posted the notice at a minimum of
17 three public locations in the school district or county, respectively.

18 (4) Determine whether the hearing was held at a time that encouraged the attendance of
19 teachers and parents and guardians of pupils who attend the schools in the district and did not
20 take place during or immediately following school hours.

21 (5) Determine whether the resolution stated that each pupil in each school had sufficient
22 textbooks or instructional materials aligned to the content standards adopted by the State Board
23 of Education pursuant to Education Code Section 60605 and consistent with the content and
24 cycles of the curriculum framework adopted by the State Board of Education, or instead that

1 there was an insufficiency of such textbooks or instructional materials, or both, in any one or
2 more of mathematics, science, history-social science, and English/language arts including the
3 English language development component of an adopted program, as appropriate. If the
4 resolution stated any insufficiency, verify that the school district governing board or county
5 board of education provided information to classroom teachers and to the public, setting forth,
6 in the resolution, for each school in which an insufficiency existed, the percentage of pupils
7 who lacked sufficient standards-aligned textbooks or instructional materials in each subject
8 area and the reasons that each pupil did not have sufficient standards-aligned textbooks or
9 instructional materials, or both, and took action to ensure that each pupil would have sufficient
10 textbooks or instructional materials, or both, within two months of the beginning of the school
11 year in which the determination was made.

12 (6) Verify whether the governing board made a written determination as to whether each
13 pupil enrolled in a foreign language or health course had sufficient textbooks or instructional
14 materials that were consistent with the content and cycles of the curriculum frameworks
15 adopted by the State Board of Education for those subjects.

16 (7) Verify whether the governing board determined the availability of laboratory science
17 equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

18 (c) If the school district or county office of education was not in compliance with any of
19 the requirements set forth in audit procedures 1 through 5 of subparagraph (b) of this section,
20 the school district or county office of education was not eligible to receive an Instructional
21 Materials Funding Realignment Program allowance for the fiscal year audited. Include a
22 finding in the Findings and Recommendations section of the audit report showing the full
23 amount of Instructional Materials Funding Realignment Program allowance received as
24 disallowed.

1 (d) If the school district or county office of education was not in compliance with any of
2 the requirements set forth in audit procedures 6 or 7 of subparagraph (b) of this section, report
3 the noncompliance in a finding in the Findings and Recommendations section of the audit
4 report.

5 (e) Instructional Materials Funding Realignment Program:

6 (1) Determine the amount of the Instructional Materials Funding Realignment Program
7 allowance received by the local education agency.

8 (2) Verify that the allowance received was accounted for separately.

9 (3) For kindergarten and grades 1 through 8, review the local education agency's list of
10 instructional materials purchased and select a sample to verify that the materials were adopted
11 by the State Board of Education in March 1999 or later, are in one of the four eligible subject
12 areas, and bear the copyright date and are of editions of the materials adopted by the State
13 Board of Education.

14 (4) For grades 9 through 12, review the local education agency's list of instructional
15 materials purchased and select a sample to verify that the materials were reviewed and
16 approved through a resolution adopted by the local education agency's governing board as
17 being aligned with State Board of Education-adopted content standards.

18 (5) Determine whether the governing board certified, as set forth in Education Code
19 Section 60422, that each pupil had been provided with a standards-aligned textbook or basic
20 instructional materials,

21 (A) for kindergarten and grades 1 to 8, inclusive, as adopted by the State Board of
22 Education pursuant to the provisions of Education Code Section 60200 and following, and by
23 the beginning of the first school term that commenced not later than 24 months after their
24 adoption, and

1 (B) for grades 9 to 12, inclusive, as adopted by the local governing board pursuant to the
2 provisions of Education Code Sections 60400 and 60411.

3 (6) If the governing board did certify as set forth in Education Code Section 60422, review
4 the Instructional Materials Funding Realignment Program expenditures initiated after the
5 certification was made and select a sample to verify that the expenditures each fell into one of
6 the following categories:

7 (A) Purchase of instructional materials adopted by the State Board of Education pursuant to
8 the provisions of Education Code Section 60200 for kindergarten and grades 1 through 8, or by
9 the governing board pursuant to the provisions of Education Code Section 60400 for grades 9
10 through 12.

11 (B) Purchase, at the local education agency's discretion, of instructional materials,
12 including, but not limited to, supplementary instructional materials and technology-based
13 materials from any source.

14 (C) Purchase of tests.

15 (D) Binding of textbooks that were otherwise usable and were on the most recent list of
16 basic instructional materials adopted by the State Board of Education and made available
17 pursuant to the provisions of Education Code Section 60200.

18 (E) Funding of in-service training related to instructional materials.

19 (F) Purchase of classroom library materials for kindergarten and grades 1 through 4, if the
20 local education agency had a plan as specified in subdivision (d) of Education Code Section
21 60242.

22 (f) If any of the instructional materials funds are found to have been expended
23 inappropriately, include the amount inappropriately spent in a finding in the Findings and
24 Recommendations section of the audit report.

1 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
2 14502.1, 14503 and 41020, Education Code.

3 **§ 19837.1. School Accountability Report Card.**

4 For fiscal year 2007-08 ~~and each fiscal year thereafter~~, perform the following procedures:

5 (a) Obtain copies of the quarterly report of summarized complaint data compiled pursuant
6 to the provisions of subdivision (d) of Education Code Section 35186. Identify any complaints
7 related to teacher misassignment or vacancies included in the summarized data and compare
8 each such complaint to the information on teacher misassignment or vacancies stated in the
9 School Accountability Report Card for the school identified in the complaint, as required by
10 the provisions of subdivision (b)(5) of Education Code Section 33126. If the information in the
11 School Accountability Report Card is inconsistent with the information in the complaint,
12 interview management to determine the basis of the inconsistency. If the School
13 Accountability Report Card was inaccurate, include a finding in the Findings and
14 Recommendations section of the audit report.

15 (b) For each school in the sample of schools selected pursuant to Section 19817.1(b),
16 obtain the school district's or county office of education's copy of its most recently completed
17 school facility conditions evaluation instrument developed by the Office of Public School
18 Construction and approved by the State Allocation Board, or a local evaluation instrument that
19 meets the same criteria, pursuant to the provisions of subdivision (d) of Education Code
20 Section 17002. If the evaluation instrument was completed prior to the publication of the
21 school's School Accountability Report Card, compare the information contained in the
22 evaluation instrument to the information on safety, cleanliness, and adequacy of school
23 facilities contained in the School Accountability Report Card for that school as required by the
24 provisions of subdivision (b)(9) of Education Code Section 33126. If the information in the

1 School Accountability Report Card is inconsistent with the information in the evaluation
2 instrument, interview management to determine the basis of the inconsistency. If the School
3 Accountability Report Card was inaccurate, include a finding in the Findings and
4 Recommendations section of the audit report.

5 (c) For each school in the sample of schools selected pursuant to Section 19817.1(b),
6 compare the information on the availability of sufficient textbooks and other instructional
7 materials included in the School Accountability Report Card pursuant to the provisions of
8 subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution
9 reviewed pursuant to Section 19828.2(b)(5) and the information in the determinations reviewed
10 pursuant to Section 19828.2(b)(6) and Section 19828.2(b)(7). If the information in the School
11 Accountability Report Card is inconsistent with the information in the resolution or the
12 determinations, interview management to determine the basis of the inconsistency. If the
13 School Accountability Report Card was inaccurate, include a finding in the Findings and
14 Recommendations section of the audit report.

15 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
16 14502.1, 14503 and 41020, Education Code.

17 **§ 19837.2. School Accountability Report Card.**

18 For fiscal year 2008-09 and each fiscal year thereafter, perform the following procedures:

19 (a) Obtain copies of the quarterly report of summarized complaint data compiled pursuant
20 to the provisions of subdivision (d) of Education Code Section 35186. Identify any complaints
21 related to teacher misassignment or vacancies included in the summarized data and compare
22 each such complaint to the information on teacher misassignment or vacancies stated in the
23 School Accountability Report Card for the school identified in the complaint, as required by
24 the provisions of subdivision (b)(5) of Education Code Section 33126. If the information in the

1 School Accountability Report Card is inconsistent with the information in the complaint,
2 interview management to determine the basis of the inconsistency. If the School
3 Accountability Report Card was inaccurate, include a finding in the Findings and
4 Recommendations section of the audit report.

5 (b) For each school in the sample of schools selected pursuant to Section 19817.1(b),
6 obtain the school district's or county office of education's copy of its most recently completed
7 school facility conditions evaluation instrument developed by the Office of Public School
8 Construction and approved by the State Allocation Board, or a local evaluation instrument that
9 meets the same criteria, pursuant to the provisions of subdivision (d) of Education Code
10 Section 17002. If the evaluation instrument was completed prior to the publication of the
11 school's School Accountability Report Card, compare the information contained in the
12 evaluation instrument to the information on safety, cleanliness, and adequacy of school
13 facilities contained in the School Accountability Report Card for that school as required by the
14 provisions of subdivision (b)(9) of Education Code Section 33126. If the information in the
15 School Accountability Report Card is inconsistent with the information in the evaluation
16 instrument, interview management to determine the basis of the inconsistency. If the School
17 Accountability Report Card was inaccurate, include a finding in the Findings and
18 Recommendations section of the audit report.

19 (c) For each school in the sample of schools selected pursuant to Section 19817.1(b),
20 compare the information on the availability of sufficient textbooks and other instructional
21 materials included in the School Accountability Report Card pursuant to the provisions of
22 subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution
23 reviewed pursuant to Section 19828.3(b)(5) and the information in the determinations reviewed
24 pursuant to Section 19828.3(b)(6) and Section 19828.3(b)(7). If the information in the School

Accountability Report Card is inconsistent with the information in the resolution or the determinations, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

Article 3.1. State Compliance Procedures: School Districts and Charter Schools
§ 19846. After School Education and Safety Program.

If the local education agency received After School Education and Safety funds, perform the following procedures:

(a) If the local education agency operated an after school program component:

(1) Determine whether the local education agency established a policy regarding reasonable early daily release of pupils from the program.

(2) ~~Select a quarter for which attendance was reported for the after school base grant, and select a~~ representative sample of schools for each program type, as that term is used in the attendance report, for which data was reported in that quarter to the California Department of Education for the after school base grant program. Determine whether the reported number of students served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.

(3) For each school selected pursuant to subparagraph (a)(2) of this section, determine whether the after school program commenced every day immediately upon the conclusion of the regular schoolday, operated a minimum of 15 hours per week, and operated until at least

1 6:00 p.m. every regular schoolday, by reviewing, for example, local policies and procedures,
2 program staffing schedules, sign in/out sheets, program brochures, and other relevant
3 documentation.

4 (4) For each school selected pursuant to subparagraph (a)(2) of this section, determine
5 whether elementary school pupils participated in the full day of the after school program on
6 every day during which pupils participated, and determine whether pupils in middle or junior
7 high schools attended the after school program a minimum of nine hours a week and three days
8 a week, except as consistent with the established early release policy.

9 (5) If any noncompliance is found through the foregoing procedures, include a statement in
10 the Findings and Recommendations section of the audit report, stating that the local education
11 agency did not have a policy on reasonable early daily release from the after school program, if
12 that is the case, and including discrepancies, if any, between the reported numbers of students
13 served and the totals arising from the supporting documentation; failure to operate consistent
14 with the days/hours requirements set forth in ~~subdivision~~ subparagraph (a)(3) of this section, if
15 any; and the portion of reported students served that resulted from attendance, inconsistent
16 with the established early release policy, by elementary school pupils for less than the full day
17 of the after school program, and from attendance by middle or junior high school pupils for
18 less than nine hours a week or fewer than three days a week, if any.

19 (b) If the local education agency operated a before school program component:

20 (1) Determine whether the local education agency established a policy regarding
21 reasonable late daily arrival of pupils to the program.

22 (2) ~~Select a quarter for which attendance was reported for the before school base grant, and~~
23 ~~select a~~ representative sample of schools for each program type, as that term is used in the
24 attendance report, for which data was reported in that quarter to the California Department of

1 Education for the before school base grant program. Determine whether the reported number
2 of students served, as that term is used in the report, for each selected school is supported by
3 written records that document pupil participation, by tracing the reported numbers through any
4 documentation used to summarize the numbers of students served, to written data origination
5 documentation.

6 (3) For each school selected pursuant to subparagraph (b)(2) of this section,

7 (A) Determine whether the local education agency operated the before school program for
8 not less than one and one-half hours per regular schoolday, by reviewing, for example, local
9 policies and procedures, program staffing schedules, sign in/out sheets, program brochures,
10 and other relevant documentation.

11 (B) Determine whether attendance by pupils for less than one-half of the daily program
12 hours was included in the report of students served.

13 (4) For each school selected pursuant to subparagraph (b)(2) of this section, determine
14 whether elementary school pupils participated in the full day of the before school program on
15 every day during which pupils participated, and determine whether pupils in middle or junior
16 high schools attended the before school program a minimum of six hours a week and three
17 days a week, except as consistent with the late arrival policy.

18 (5) If any noncompliance is identified through the foregoing procedures, include a
19 statement in the Findings and Recommendations section of the audit report, stating that the
20 local education agency did not have a policy on reasonable late daily arrival of pupils to the
21 before school program, if that is the case, and including discrepancies, if any, between the
22 reported numbers of students served and the totals arising from the supporting documentation;
23 failure to operate for the required hours each schoolday as set forth in subparagraph (b)(3)(A)
24 of this section, if any; and the portion of reported students served that resulted from attendance,

1 inconsistent with the established late arrival policy, by elementary school pupils for less than
2 the full day of the before school program, and by middle or junior high school pupils for less
3 than six hours a week or fewer than three days a week, if any.

4 (c) General requirements:

5 (1) Verify that the local education agency contributed cash or in-kind local funds, equal to
6 not less than one-third of the total state grant, which may have originated from the school
7 district, other governmental agencies, community organizations, or the private sector.
8 Facilities or space usage may fulfill not more than 25 percent of the required local contribution.

9 (2) Review program expenditures by performing the following procedures:

10 (A) Verify that expenditures of state funds for indirect costs were the lesser of the local
11 education agency's indirect cost rate as approved by the California Department of Education
12 for the year audited, or 5 percent of the state funding received.

13 (B) Verify that not more than 15 percent of the state funding was expended for
14 administrative costs, including indirect costs charged to the program.

15 (C) Verify that not less than 85 percent of the state funding was allocated to schoolsites for
16 direct services to pupils.

17 (3) If the local education agency did not meet the minimum cash or in-kind local
18 contribution requirement, spent state program funding on excess indirect costs or on excess
19 administrative costs, provided an insufficient allocation to schoolsites, or any combination of
20 the foregoing, include a finding in the Findings and Recommendations section of the audit
21 report stating, correspondingly, the amount of the local match requirement, the amount by
22 which the local education agency failed to meet the match requirement, the excess amount of
23 the local match requirement fulfilled through facilities or space usage, the amount(s)
24 inappropriately spent, and the amount of the insufficiency in schoolsite allocations.

1 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 8482.3,
2 14502.1, 14503 and 41020, Education Code.

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